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Message Text

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PAGE 01 BRUSSE 09160 210630Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-10 NSAE-00 SP-02 STR-07 TRSE-00
LAB-04 SIL-01 OMB-01 DODE-00 PM-05 H-01 L-03
NSC-05 PA-01 SS-15 ICA-11 INT-05 /114 W
----------070635 210632Z /23/42
R 121703Z MAY 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 6529
INFO ALL EC CAPITALS
AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY MOSCOW
USMISSION GENEVA

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C O R R E C T E D C O P Y (TEXT CORRECTED PARA 3. ADDED)

USEEC, PARIS ALSO FOR USOECD

GENEVA ALSO FOR USDEL MTN

E.O. 11652: N/A
TAGS: EEC, RO, EIND, ETRD
SUBJ: EC/ROMANIAN STEEL NEGOTIATIONS

REF: BRUSSELS 5911

1. DURING MAY 12 CALL ON MISSION OFFICERS, ROMANIAN EMBASSY OFFICIAL PAUL GRECU INDICATED THAT THERE HAS BEEN NO MOVEMENT IN EC/ROMANIAN NEGOTIATIONS ON A STEEL IMPORT ARRANGEMENT (REFTEL) SINCE BEFORE CHIEF COMMISSION NEGOTIATOR LOUIS KAWAN LEFT FOR GENEVA IN MID-APRIL TO ATTEND ECE PLENARY SESSION. GRECU SAID
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THAT ROMANIANS ARE AWAITING WORD THAT THE COMMISSION IS PREPARED TO RESUME TALKS.

2. GRECU SAID THAT, BEFORE TALKS WERE SUSPENDED, PROGRESS HAD BEEN MADE ON TEXT OF AN ARRANGEMENT AND THAT NO INSURMOUNTABLE PROBLEMS REMAIN IN THAT REGARD. HE EMPHASIZED, HOWEVER, THAT ROMANIANS FIND UNACCEPTABLE

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THE COMMUNITY'S PROPOSALS ON QUANTITIES AND PENETRATION MARGINS. ON THE FIRST POINT, HE SAID THE COMMUNITY IS INSISTING THAT 1976 BE USED AS THE BASE YEAR FOR CALCULATING IMPORT QUANTITIES; HE ADDED THAT THE GOR HAS REFUSED TO ACCEPT THIS PROPOSAL, SINCE THE ROMANIAN STEEL INDUSTRY SUFFERED SEVERE INTERNAL PROBLEMS IN 1976 AND MANAGED ONLY A VERY POOR EXPORT PERFORMANCE DURING THAT YEAR. GRECU ALSO SAID THAT THE COMMUNITY WANTS TO HOLD PENETRATION MARGINS TO FIVE PERCENT FOR NON-SENSITIVE PRODUCTS AND 3.5 PERCENT FOR SENSITIVE PRODUCTS. HE COMPLAINED THAT, ALTHOUGH COMMISSION NEGOTIATORS HAVE TOLD THE ROMANIANS THAT THESE FIGURES ARE NOT NEGOTIABLE, THE COMMUNITY REACHED AN ARRANGEMENT WITH JAPAN (MISSION COMMENT: AND SEVERAL OTHER NON-EFTA SUPPLIERS) WITH SIX PERCENT AND FOUR PERCENT PENETRATION MARGIN FIGURES.

3. GRECU RECALLED THAT, AFTER THE EFTA STATES, ROMANIA WAS THE FIRST COUNTRY TO AGREE TO NEGOTIATE A STEEL ARRANGEMENT WITH THE COMMUNITY FOLLOWING THE EC COUNCIL DECISION ON EMERGENCY STEEL MEASURES LAST DECEMBER. HE SAID THAT ROMANIA REMAINS WILLING TO CONCLUDE AN ARRANGEMENT, BUT NOT AT ANY PRICE, AND CERTAINLY NOT ON THE BASIS OF THE COMMUNITY'S CURRENT OFFER, WHICH HE SAID WOULD BE WORSE THAN NO ARRANGEMENT AT ALL. GRECU ADDED, NOT VERY CONVINCINGLY, THAT ROMANIA MIGHT EVEN HAVE TO CONSIDER SUSPENSION OF ALL STEEL EXPORTS TO THE
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COMMUNITY.

4. IN SEPARATE CONVERSATION WITH COMMISSION OFFICIAL, MISSION OFFICER WAS TOLD THAT COMMISSION HAS NO IMMEDIATE PLANS TO RESUME TALKS WITH ROMANIA, THE GDR, OR THE SOVIET UNION. HINTON

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Message Attributes

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